

## COOK COUNTY HEALTH AND HOSPITALS SYSTEM

## ITEM V(A)

MAY 31, 2019 BOARD OF DIRECTORS MEETING

## CONTRACT AND PROCUREMENT ITEM

Request #	Vendor/Entity	Service or Product	Fiscal impact not to exceed:	Method of acquisition	Total # of bidders/ RFP responses / GPO companies available	Affiliate / System	Begins on Page #
<b>Amend Previously Approved Request for Approval of Payment</b> (deferred at May 24, 2019 Finance Committee Meeting)							
1	Alliance Insurance Services	For the purchase of re-insurance for CountyCare members for calendar year 2019 (coverage to be provided by Sequoia)	<del>\$3,571,200.00</del> \$1,092,000.00	Issued under a County-wide insurance brokerage contract		Managed Care	2



Toni Preckwinkle  
President, Cook County Board of Commissioners

John Jay Shannon, MD  
Chief Executive Officer, Cook County Health

May 15, 2019

To: Robert Reiter, Chair, CCH Finance Committee  
M. Hill Hammock, Chair, CCH Board of Directors

CC: John Jay Shannon, MD, CCH Chief Executive Officer

From: James Kiamos, Chief Executive Officer, Managed Care

Re: 12-Month Purchase of Reinsurance for CountyCare Health Plan (01/01/-12/31/2019)

On April 26, 2019, the Cook County Health Board of Directors approved a request for payment for reinsurance for the CountyCare Health Plan. After further review and negotiations, amendments are needed for that request as indicated below, and are being presented for the Board's consideration.

Since the inception of CountyCare, Cook County Health (CCH) has purchased reinsurance to offset the risk of its high-cost members. Initially, reinsurance was focused only on members who received transplant services. Beginning in 2015, general stop-loss reinsurance was secured with a threshold of \$750,000 per member. Claims costs incurred in excess of that amount are reimbursed to CCH. Coverage is priced on a PMPM basis by population type (e.g. FHP, SPD, ACA Adults).

The CCH policy is issued under a County-wide insurance brokerage contract with Alliance Insurance Services, managed by the County's Office of Risk Management.

CCH recommends entering a stop-loss policy coverage for twelve months, through December 31, 2019. Based on the bids submitted, and pricing and risk analysis, the recommended policy would increase the per member reinsurance deductible from \$750,000 to ~~\$1,000,000~~ \$2,000,000.

Terms will include:

- ~~\$1,000,000~~ \$2,000,000 per member deductible
- 90% reinsurance once deductible is met; \$2 million maximum benefit
- Costs are calculated at 100% of Medicaid for non-CCH providers and at 29% of charges (comparable to standard Medicaid rates) for services provided at CCH
- Blood factor products, blood derivatives and anti-inhibitor coagulant complex excluded for certain members

This memo requests the Board's approval of payment not to exceed ~~\$3,571,200~~ \$1,092,000 for the purchase of re-insurance as described above for CountyCare members. The coverage will be provided by Sequoia, as placed by Alliance Insurance Services, the County's insurance broker.

**Request #**

**1**